

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: **2/11/2015**

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL

4945.04-04

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X=

Y=

Dear _____ :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

You will operate W Residency Program (Program) to bring together artists and scholars of exceptional talent and promise. You will also award grants to enable individuals to pursue artistic or scholarly work.

You will further Y's legacy by focus on philanthropic initiatives that were important to Y during his lifetime. These include utilizing art to change awareness and increase funding for the environment and scholarly programs.

Your Program will focus on bringing together artists of exceptional talent and promise from a variety of disciplines, backgrounds and career levels to create art, experiment, exchange ideas and advance mutual understanding.

Individuals eligible to participate in the Program include artists, arts professionals (such as curators), students, and scholars in various disciplines relevant to your charitable programs. The applicants will be judged on accomplishments and/or indications strong potential for future accomplishment. You will also strive to bring together grantees from diverse geographic regions, to further your mission of fostering international understanding and cultural exchange.

Information about the Program is available on your website and will be the subject of occasional press releases.

You expect to conduct several one-month residencies each year and host about 10 artists to participate in each residency period for around 70 participants each year.

You will provide each participant with round-trip transportation to the Program facility. Participant will receive meals, housing, studio space and staff resources. In addition, a stipend will be provided for art materials, shipping of artwork, and other expenses associated with completing the Program. Artists invited as collaborators will receive transportation, meals, housing, studio space and staff resources, but will not receive a stipend.

Determination of eligibility for the Program will include consideration of the following factors:

- Demonstration of exceptional talent and promise;
- Involvement in the fields of visual arts, performing arts, media arts, design, literature, art criticism and scholarship, and environmental science;
- History of work that engages with important social or environmental issues; and
- Interest in working in interdisciplinary, collaborative environments and history of collaborative projects.

Your Board of Directors will appoint "selectors" from among individuals who have a variety of creative backgrounds and represent several geographic regions in order to create a diverse mix. Selectors may be proposed to your Board by individual directors, your staff members and others.

If the Board of Directors approves and the selectors agree to serve, each will be asked to choose artists based on the selector's area of expertise. Selector will be expected to serve for two years. Selectors receive an annual honorarium for their service.

The artists will be asked to complete an online form that will gather information about each artist. All artist selections will be subject to approval by your Board.

Artists who have been in residence will not be eligible to participate again for at least three years. This does not include artists who are invited as collaborators.

Grant recipients may not be "disqualified persons" with respect to your organization, within the meaning of Code Section 4946. You will not make grants to persons whose selection would result in private benefit to any selector or officer or director of your organization. Furthermore, recipients may not be related to any selector, officer or director of your organization.

You are also in the process of incubating several grant opportunities to enable individuals to pursue artistic or scholarly work.

The first grant opportunity will involve the selection of artists whose work has the capacity to meaningfully impact their communities to effect positive social change. Each award will be about \$ over two years. Additionally, another group of artists will receive travel support in order to conduct research or participate in residencies related to their social practice.

The second grant opportunity is intended to foster a new generation of curators by providing access to digital resources and collections, including works by Y and to develop and enhance new curatorial scholarship, perspectives, and dialogues on art and its influence on society. Applicants must be undergraduate or graduate students who submit exhibition proposals online through your website.

A jury of five distinguished artists, curators, and scholars will evaluate the submitted proposals. The winning proposal will be designated as an online exhibition, and the winner will receive a curatorial fellowship and honorarium enabling him or her to curate works from your art collection to create an exhibition at his or her academic institution.

You intend to publicize each grant opportunity on your website, and each grant opportunity will be the subject of occasional press releases.

The number of grants that will be made annually will depend on the number and types of grant opportunities offered each year. You currently anticipate that you will offer at least one grant opportunity per year. The number of grantees per grant opportunity will vary depending on the nature of the grant opportunity and the available funding.

The amount of each grant offered will also depend on the type of grant and the length of the opportunity. You anticipate that the combination of stipends, travel funding, and honoraria associated will be provided and may be adjusted over time.

Applications for grant opportunities may be received in several different ways depending on the type of grant, and the procedures for applying may vary through time. Eligible individuals may be allowed to apply directly to you or may be nominated by a committee of experts. Applicants will be asked to provide a resume or portfolio, a description of the work they plan to do or the issue, idea, or technique they plan to explore as a result of the grant opportunity. They must also explain of how their work complements the vision of Y or furthers your mission. Letters of reference from experts in the applicant's field may also be requested.

Relatives of your officers, directors and substantial contributors, and any other disqualified persons (within the meaning of Code Section 4946) with respect to your organization, are not eligible for grant opportunities offered. Additionally, relatives of nominators or anyone whose selection would result in a private benefit to any of the aforementioned individuals will not be eligible.

Application review and selection may be a one-step or a two-step process, but all grants will be subject to final approval by the Board, which may delegate its approval authority to a committee of the Board, your Executive Director, or the officer or officers directing the Program.

Grants ordinarily will be awarded for a one- or two-year period, but in appropriate situations, the initial grant period may be for a shorter or longer period if it appears that it would be beneficial to extend or shorten the initial grant period.

You will promptly investigate any apparent misuse of grant funds or failure to provide required reports. While a matter is being investigated, you will withhold further payments to the individual until you have determined that no part of a grant has been misused and until missing reports have been submitted.

If you discover that funds have, in fact, been misused, you will take all reasonable and appropriate steps to secure the repayment of the diverted funds. In addition, if such a diversion occurs and you are making installment payments on a grant, you will withhold any further payments until it has received assurances from the grant recipient that future diversions will not occur and has required the individual to take extraordinary precautions to prevent future diversions from occurring. All remaining funds will be used for your charitable purposes.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes in your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

We've sent a copy of this letter to your representatives as indicated in your power of attorney.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Tamera Ripperda
Director, Exempt Organizations